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GOVERNMENT OF PUDUCHERRY

DEPARTMENT OF INDUSTRIAL DEVELOPMENT (TOURISM)

(G. O. Ms. No. 1/2010/Tsm., dated 20th January 2010)

ORDER

Whereas the Scheme of “Grant of Financial Incentives for Hotels, Resorts, Heritage Hotels and other Tourism Projects” was announced by the Department of Industrial Development (Tourism), Government of Puducherry vide G.O. Ms. No. 1, dated 16-2-2004, which provided the subsidies namely, Investment Subsidy, Interest Subsidy, Reimbursement of Registration Charges and Town Planning Charges and Additional Incentives for Heritage Hotels. Subsequently, with a view to encourage the growth of budget hotel accommodation, and to increase the number of rooms to cater the need of growing demands for quality tourist

accommodation, the provision of financial incentive/subsidy was extended to 1 star and 2 star hotel categories. The Department of Industrial Development (Tourism), Government of Puducherry issued the G.O. Ms. No. 1/Tourism/ US/2005, dated 18-2-2005;

2. And whereas further, to encourage the private entrepreneurs in the field of tourism, the investment subsidy/incentive was enhanced to 25% on the capital investment, subject to a maximum of Rs. 100 lakhs *vide* G. O. Ms. No. 2/2006, dated 18-7-2006 of the Tourism Department;

3. Now, therefore, the Lieutenant-Governor, Puducherry is pleased to accord approval for framing the scheme namely “Grant of Financial Incentive for Hotels/Resorts and other Tourism Projects” in the Union territory of Puducherry to provide incentives as appended to this order in supersession of the (1) G. O. Ms. No. 1, dated 16-2-2004; (2) G. O. Ms. No. 1/Tourism/US/2005, dated 18-2-2005; and (3) G. O. Ms. No. 2/2006, dated 18-7-2006 of Department of Industrial Development (Tourism), Puducherry in order to simplify the procedure for grant of incentive/subsidy and to conform to the norms of the Ministry of Tourism and to withdraw all the incentives except the capital subsidy of 25% on the capital investment, subject to a maximum of Rs.100 lakhs and to prescribe the limits for the appropriate classification of star hotel/resorts/heritage hotels under the rules made thereunder.

4. This issues with the concurrence of the Finance Department *vide* their I.D. No. 076587/F3/2009, dated 18-1-2010.

(By order of the Lieutenant-Governor)

K. DURGA PRASAD,

Under Secretary to Government (Tourism).

THE SCHEME FOR GRANT OF FINANCIAL INCENTIVES FOR HOTELS/RESORTS AND OTHER TOURISM PROJECTS

1. *Short title and commencement.*— (i) This scheme may be called “Grant of Financial Incentives for Hotels/Resorts and Tourism Projects”.

(ii) This scheme shall come into force from the date of publication in the official gazette.

2. *Scope of the scheme.*— (1) The incentive shall apply to all star classified hotels/resorts and heritage category hotels as classified by the Ministry of Tourism, Government of India, completed and commissioned, and in continuous commercial operation from the year 2005 onwards. The scheme shall also be applicable to other tourism projects mentioned above, where the projects have been completed and commissioned and are in continuous commercial use from the year 2005 onwards.

(2) The incentive shall be only in the form of capital grant of Rs.2 lakhs per room subject to a maximum of Rs.30 lakhs for a one star category hotel, Rs.3 lakhs per room subject to a maximum of Rs.75 lakhs for a two star category hotel, Rs.3 lakhs per room subject to a maximum of Rs.100 lakhs for a three star category hotel project. No other incentive shall be provided.

(3) The incentive/subsidy to hotels/resorts having more than 3 star classification and other tourism related projects like Water Theme Park, Amusement Park, Yacht Marina, Family Entertainment Centre, Convention Centre, Cruise Tourism, etc. shall be in the form of 25% on the capital investment subject to maximum of Rs.100 lakhs. No other incentive shall be provided.

(4) For heritage hotels,

(1) The incentive shall be available at Rs.3 lakhs per room subject to the maximum of Rs.75 lakhs. No other incentive shall be provided.

(2) The incentive shall be released to the heritage hotels, only if the building is listed in the current list of heritage buildings in this Union Territory and provided further that they conform to the architectural and conservation guidelines laid down by the competent authorities *viz.*, Town and Country Planning and INTACH, Pondicherry from time to time.

(3) Demolishing a heritage building and reconstructing a building as heritage building shall not be treated as “Heritage Hotel”.

(5) The scheme shall be applicable throughout the Union territory of Puducherry.

(6) The incentive shall be released only if the hotel/resort has the star classification or Heritage Hotel classification duly approved by the Ministry of Tourism, Government of India. The said hotel/resort should be in operation in the same name and style from the date of issue of such Star Classification/Heritage Grading.

(7) The incentive/subsidy shall be applicable only to those applicants who have financially invested in the property and developed the project.

(8) The incentive shall be directly released to the authorised/approved designated/notified financial institutions, if the loan was taken for creating/financing the project. In case, no loan has been taken, the amount of incentive will be directly released to the applicant.

(9) The owners of the hotel, resort, heritage hotel or other tourism projects availing this scheme shall give an undertaking stating that the project will be continued in the same name and style for a period of eight years from the date of release of the incentive. The project shall not be sold or mortgaged or transferred on the basis of the power of attorney or any other mode prior to the period of eight years from the date of release of the incentive.

(10) The hotel, resort, heritage hotel or other tourism projects shall not be eligible for this incentive scheme, if any other capital subsidy/incentive has already been availed from the Government of Puducherry or the Government of India.

(11) If there is any misrepresentation of facts or furnishing of false or incorrect information or the like to the Department of Tourism, Government of Puducherry, the amount paid shall be recovered along with interest and penalty at Government rates prevailing at that time and further incentive shall not be released and the Department of Tourism shall reserve the right to take any legal action deemed proper.

(12) The incentive may be released in installments.

(13) The date of Star Classification/Heritage Classification by the Government of India shall be taken as a criterion for fixing the order of priority for disbursement of financial incentive for hotels/resorts/heritage hotels. In the case of tourism projects other than hotels/resorts/heritage hotels, the date of commercial operation shall be taken for fixing the order of priority for disbursement of incentive.

(14) (i) A committee consisting of the following officers is constituted to look into the application for financial incentives to be availed under this scheme, to decide on the eligibility, quantum of incentive, payable under this scheme in each case:

- | | |
|---|-------------|
| (a) Secretary to Government (Tourism) | .. Chairman |
| (b) Managing Director, (PTDC) | .. Member |
| (c) Member-Secretary, PPA | .. Member |
| (d) Commissioner, Puducherry Municipality | .. Member |
| (e) Representative of Finance Department | .. Member |
| (f) Architect, Representative of INTACH | .. Member |
| (g) Director of Tourism | .. Convenor |

(ii) The Chairman may, if he deems it necessary, co-opt any subject expert, from Government or private sector, for studying eligibility for special tourism infrastructure projects on a case to case basis.

3. *Documents required for the scheme "Grant of Financial Incentive for Hotels/Resorts and other Tourism Projects".*— (1) Detailed project report in English about the infrastructure including ownership, structural designs, financial model, detailed estimates, audited balance sheet and profit and loss statements from its commencement, income tax returns and other relevant particulars.

(2) Approval and occupancy certificate of the Planning Authority of the respective regions of the Government of Puducherry with approved drawing.

(3) Certification of the building from the Departments of Fire Service, Municipality/Public Works and Electricity.

(4) Certification of Star Classification/Heritage Classification from Ministry of Tourism/Department of Tourism, Government of India.

(5) Undertaking as per the format in 50 rupees stamp paper.

SUBSIDY UNDERTAKING

I.....(Name), aged.....years, Director General/Director/Partner/Owner of (Name of the Hotel) situate at..... (Address) which is 1/2/3/4/5 Star/Heritage Category, commissioned and classified by the Ministry of Tourism, Government of India from..... on.....after having gone through and understood the terms and conditions of the revised scheme of “Grant of Financial Incentive for Hotels/Resorts and other Tourism Projects” contained in G.O. Ms. No.....,dated.....and published in the Gazette on....., I on my behalf and on behalf of (Name of other partners/Hotel/Resort/Heritage Hotel/ other tourism infrastructure), do hereby accept and undertake to abide by the rules/terms and conditions imposed by the Department of Tourism, Government of Puducherry. I further state that I have been authorised by the other partner(s)/company and I am competent myself to file this undertaking, for which the letter of authority is enclosed.

2. I further state that the requisite form/application to avail myself/ ourselves of the Revised Scheme of the “Grant of Financial Incentive for Hotels/Resorts and other Tourism Projects” has been filled in, in agreement/consent with the other partner(s) namely..... and the company. The particulars and the statements given therein are true and correct to the best of my knowledge, information and belief, and nothing material has been concealed therefrom.

I, on my behalf and on behalf of the partner(s)/company named above, do hereby undertake as under :

(III) That in case funds are not available with the Department of Tourism, Government of Puducherry, the entire/balance of the incentive shall be claimed only as and when the Department of Tourism has made the required budgetary provisions.

GOVERNMENT OF PUDUCHERRY
DEPARTMENT OF INDUSTRIAL DEVELOPMENT (TOURISM)

(G. O. Ms. No. 2/2010/Tsm., dated 25th January 2010)

ORDER

Whereas the Scheme of “Grant of Financial Incentives for Hotels, Resorts, Heritage Hotels and other Tourism Projects” was framed *vide* G.O. Ms. No. 1/2010/Tsm. dated 20-1-2010 by the Department of Industrial Development (Tourism), Government of Puducherry with the rules for the scheme which provided for subsidies, to encourage the private entrepreneurs in the field of tourism;

2. And whereas further, to facilitate the budget tourists and group tourist, it is proposed to extend the financial incentive to ‘Service Apartments’;

3. Now, therefore, the approval of His Excellency the Lieutenant-Governor is hereby accorded to include the ‘Service Apartments’ also in the scheme “Grant of Financial Incentives for Hotels, Resorts, Heritage Hotels and other Tourism Projects”. The rules for the grant of financial incentive to ‘Service Apartments’ are given below :

(i) The ‘Service Apartment’ should conform to the guidelines of the Ministry of Tourism under the “Bed and Breakfast Scheme”.

(ii) The incentive/subsidy shall be granted only at Rs.1 lakh per apartment subject to a maximum of Rs.6 lakhs to the Service Apartments having ‘Silver’ category classification and Rs.2 lakhs per apartment to a maximum of Rs.12 lakhs to the Service Apartments having ‘Gold’ or higher category classification in the said ‘Bed and Breakfast Scheme’.

(iii) The scheme shall be applicable only to those ‘Service Apartments’ which have commenced construction, completed, commissioned and in continuous commercial use after the date of issue of this Government order.

(iv) The incentive shall be released only if the Service Apartment is covered by the “Bed and Breakfast Scheme” guidelines of the Ministry of Tourism, Government of India and duly approved by Department of Tourism, Government of Puducherry.

(v) The incentive/subsidy shall be applicable only to the location of the applicant promoter who has financially invested in the property and developed the project.

(vi) The incentive shall be directly released to the authorised/approved designated/notified financial institutions, if any loan has been taken for creating/financing the project. In case, no loan has been taken, the amount of incentive will be directly released to the applicant.

(vii) The owners of the service apartment availing the incentive should give an undertaking stating that the project will be continued in the same name and style for a period of eight years from the date of release of the incentive. The apartment shall not be rented out on monthly rent or long tenure/lease or sold or mortgaged or transferred on the basis of the power of attorney or any other mode prior to the expiry of the period of eight years from the date of release of the incentive.

(viii) The service apartment shall not be eligible for this incentive scheme, if any other capital subsidy/incentive has already been availed from the Government of Puducherry or the Government of India.

(ix) If there is any misrepresentation of facts or furnishing of false or incorrect information or the like to the Department of Tourism, Government of Puducherry, the amount paid will be recovered along with interest and penalty at Government rates prevailing at that time and further incentive will not be released and the Department of Tourism shall reserve the right to take any legal action deemed proper.

(x) The incentive may be released in installments.

(xi) The date of approval of the Bed and Breakfast rating by the Department of Tourism, Government of India will be taken as the criterion for fixing the order of priority for disbursement of incentive.

(xii) Documents required,—

Detailed report in English about the infrastructure including ownership, structural designs, financial model, detailed estimates, audited balance sheet and profit and loss statements from its commencement, income tax returns and other relevant particulars.

Approval and occupancy certificate issued by the Planning Authority of the respective regions of the Government of Puducherry with approved drawing.

Certification of the building from the Departments of Fire Service, Municipality/Public Works and Electricity.

Bed and Breakfast grading of the Department of Tourism, Government of Puducherry for Service Apartments.

Undertaking as per the format in 50 rupees stamp paper.

(xiii) (A) A committee consisting of the following officers is constituted to look into the application for financial incentives to be availed under this scheme, to decide on the eligibility, quantum of incentive, payable under this scheme in each case:

- | | |
|---|-------------|
| (a) Secretary to Government (Tourism) | .. Chairman |
| (b) Managing Director (PTDC) | .. Member |
| (c) Member-Secretary, PPA | .. Member |
| (d) Commissioner, Puducherry Municipality | .. Member |
| (e) Representative of Finance Department | .. Member |
| (f) Architect, Representative of INTACH | .. Member |
| (g) Director of Tourism | .. Convener |

(B) The Chairman may, if he deems if necessary, co-opt any subject expert, from Government or private sector, on a case to case basis.

4. This issues with the concurrence of the Finance Department *vide* their I.D.No. 076587/F3/2009, dated 18-1-2010.

(By order of the Lieutenant-Governor)

K. DURGA PRASAD,

Under Secretary to Government (Tourism).

SUBSIDY UNDERTAKING

I..... (Name), agedyears, Director General/Director/Partner/Owner of(Name of the Service Apartment) situate at(Address) which is conform to the guidelines of the Ministry of Tourism for “Bread and Breakfast Scheme” and graded by the Department of Tourism, Government of Puducherry from.....onafter having gone through and understood the terms and conditions of the scheme of “Grant of Financial Incentive for Service Apartments” contained in G.O. Ms. No....., datedand published in the Gazette on....., I on my behalf and on behalf of(Name of other partners/Service Apartment), do hereby accept and undertake to abide by the rules/terms and conditions imposed by the Department of Tourism, Government of Puducherry. I further state that I have been authorised by the other partner(s)/company and I am competent myself to file this undertaking, for which the letter of authority is enclosed.

2. I further state that the requisite form/application to avail myself/ourselves of the scheme of the “Grant of Financial Incentive for Service Apartments” has been filled in, in agreement/consent with the other partner(s) namely and the company. The particulars and the statements given therein are true and correct to the best of my knowledge, information and belief, and nothing material has been concealed therefrom.

I, on my behalf and on behalf of the partner(s)/company named above do hereby undertake as under :

(I) That the.....(Name of the Service Apartment) will continue in the same name and style for a period of eight years from the date of release of incentive and the property and the building will not be rented out on monthly rent or long tenure/lease or sold or mortgaged or transferred on the basis of the power of attorney or any other mode prior to the expiring of the period of eight years from the date of release of the incentive.

(III) That in case funds are not available with the Department of Tourism, Government of Puducherry, the entire/balance of the incentive shall be claimed only as and when the Department of Tourism has made the required budgetary provisions.
